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September 24, 2010

**Via Electronic Filing**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

**Re: Notice of Ex Parte Presentation, CC Docket No. 01-92, WC  
Docket No. 07-135**

Dear Ms. Dortch:

Pursuant to 47 CFR § 1.1206(b), this letter is to report that Rian Wren, CEO and Richard Monto, General Counsel of Neutral Tandem, Inc., along with the undersigned, made an oral *ex parte* presentation concerning the above-referenced dockets on September 23, 2010, to the following personnel of the Wireline Competition Bureau: Rebekah Goodheart, Donald Stockdale, Randy Clarke, Albert Lewis, Daniel Ball, Jay Atkinson, John Hunter, Lynne Engledow, and Jennifer Prime.

The purpose of the presentation was to advise the Commission of the extensive competition in the market for transit services, and to encourage the Commission not to impose unnecessary regulatory burdens that might interfere with this competition. (For clarification, the market discussed consists of the transport of switched voice traffic between the networks of telecommunications carriers other than incumbent LECs; the presentation did not address transport within ILEC networks.) The attached written materials were presented during the meeting, which summarize the key points made by Neutral Tandem.

Respectfully submitted,



Russell M. Blau

Attachment (1)

Boston  
Frankfurt  
Hartford  
Hong Kong  
London  
Los Angeles  
New York  
Orange County  
San Francisco  
Santa Monica  
Silicon Valley  
Tokyo  
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# Neutral Tandem

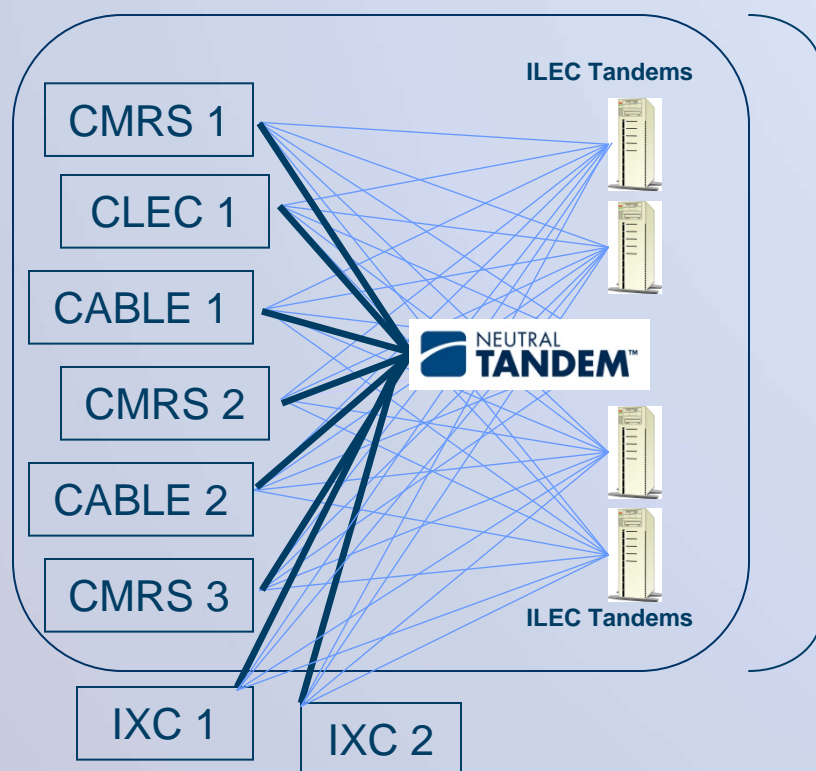


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make every minute count.

# Competition is Working...

**Neutral Tandem provides competitive carriers with a more efficient and cost effective means to route calls to one another.**



- ✓ **Significant cost savings**
- ✓ **Expands competitive tandem service options (i.e., local transit and access)**
- ✓ **Eases competitive tensions**
- ✓ **Promotes development of new services i.e. IP Interconnection**
- ✓ **Increase network reliability**

**Our markets cover over two-thirds of the competitive TNs in the U.S.**

# Transit Competition



- Commission Favors Competition versus Regulation.
- Significant Transit Service competition has developed over the past several years.
- Regulating Transit Service has Severe Unintended Consequences.
- FCC Should Establish Rules to Promote Further Transit Competition.

# Phantom Traffic

- Neutral Tandem generally supports the United States Telecom Association proposal for rules to address the issue of “phantom traffic.”
- The Originating Carrier must provide appropriate call signaling information to the Transit Provider.
- The Transit Provider will pass to the terminating carrier all call signaling information it receives.
- If the Originating Carrier fails to provide required signaling information, the Transit Provider will provide call records to the terminating carrier that identifies the Originating Carrier (when known). The Transit Provider should be fairly compensated for providing these call records.

## Phantom Traffic (cont'd)

- The FCC should not, however, adopt a blanket rule requiring that all traffic be routed “in accordance with the LERG.”
- Such a requirement would restrict competition.
  - Competitive carriers may name the ILEC tandem as their homing tandem in the LERG; thus, requiring carriers to route all traffic in accordance with the LERG would result in all traffic being routed to the ILEC tandem—destroying the transit competition that has developed.
  - More broadly, any LEC can only designate one homing tandem in the LERG for each end office, so a blanket rule would prevent any competition for tandem transit traffic.

# Access Charges

- Certain IXCs complain that they are being invoiced unreasonably high amounts by some LECs providing switched access services, especially in relation to “traffic pumping” or similar arrangements.
- This is fundamentally an issue of excessive rates:
  - Inflated LEC access charges are contrary to the intent of the Seventh Order and Eighth Order and to the FCC’s benchmark (47 C.F.R. § 61.26(f)).
  - Inflated LEC access charges hinder, rather than promote, competition in the switched access market.
- FCC easily can resolve this issue through its reform of switched access rates.
- So long as the switched access rates charged by a carrier are equal to or less than the rates mandated by such reform, revenue sharing arrangements should not be per se impermissible.
  - Even if revenue sharing arrangements with end users are found to be subject to abuse, any rule should be narrowly targeted to the identified problem